# Painting with all the Colors: The Value of Social Identity Theory for Understanding Social Entrepreneurship

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# Painting with all the Colors: The Value of Social Identity Theory for Understanding Social Entrepreneurship

Building on the emerging body of research on founder identity, Wry and York (2017) elaborate how an identity-based approach has the potential to extend our knowledge of opportunity identification in social entrepreneurship. In particular, the authors draw on *role identity* theory (Stryker & Burke, 2000) and research on *personal identity* (Hitlin, 2003) to study hybrid identities within single individuals. While role and personal identity are useful constructs for studying entrepreneurial behavior, we are concerned about the foregone opportunity to use *social identity* theory for advancing our knowledge of social entrepreneurs as enterprising individuals, social venture creation processes, and related outcomes. Indeed, in this commentary, we argue that social identity theory holds more potential – than either role or personal identity theory – for analyzing the rich "other-oriented" behavior that is at the heart of social entrepreneurship.

## *The Identity "Toolbox" – Identity Theories & Entrepreneurial Behavior*

In traditional conceptualizations of entrepreneurship, entrepreneurial behavior tends to be equated with economic rationality and utility maximization. However, given the increasing popularity of social entrepreneurship – entrepreneurial activities primarily aimed at improving the welfare of others (e.g., by addressing social or environmental problems) – theories traditionally used to explain entrepreneurial phenomena have fallen short (Gruber & MacMillan, 2017). Therefore, an increasing number of scholars have turned to *identity* theories, explaining that some entrepreneurs engage primarily in "other-oriented" activities because they strive to act and behave in ways that are consistent with their identity and sense of self (e.g., Fauchart & Gruber, 2011; Powell & Baker, 2017).

Because no theory is perfectly complete, researchers may feel compelled to combine different theories to study their phenomenon of interest. In this case, scholars interested in social

entrepreneurship might examine past work on *personal identity, role identity*, and *social identity*, and try to combine selected works which offer the greatest explanatory potential without violating key theoretical assumptions or compromising parsimony (Whetten, 1989). When we did this, we found these three areas of identity research to be related: *Personal identity* relates to individual, *intra*personal behavior (shaped by idiosyncratic individual attributes). *Social identity* captures social, *inter*personal behavior (driven by identification with a collective). *Role identity*, focused on an individual's role-based relationships, combines elements of the intrapersonal and the interpersonal (Tajfel, 1982; Terry, Hogg, & White, 1999). Thus, the main concern we raise relates to Wry and York's choice to combine *role identity theory* with research on *personal identity*. We argue that this pairing of theoretical lenses is, at best, very limited, and at worst, misleading, distracting us from the most valuable insights related to social entrepreneurship.

Role identity theory, one of two major theories of identity, focuses on role-related views of the self, attributing differences in self-categorization to salient, repeated interactions between individuals embedded in groups (Stryker & Burke, 2000). We support Wry and York's use of role identity theory in this context, particularly due to copious evidence of the ability of role identity to explain important phenomena inside and outside (emerging) organizations (Ashforth, Schinoff, & Rogers, 2016; Cardon, Wincent, Singh, & Drnovsek, 2009; Gruber & MacMillan, 2017; Hogg, Terry, & White, 1995; Powell & Baker, 2017). However, we are surprised that Wry and York have chosen not to complement their analysis of role identity with social identity theory. Since they do not provide any justification[1] for their decision to exclude it, any rationale for this fundamental decision remains speculative. The choice, however, is particularly surprising since Wry and York's phenomenon of interest is the entrepreneur in relation to others, and given

[1] The authors simply state that they are ***not*** using social identity theory in their article (Wry & York, 2017: 438).

that social identity theory is the other widely used theory of the situated human self, explicitly considering the self in relation to others in the social space (Stets & Burke, 2000).

While we acknowledge that personal identity *does* affect role and social identity, this perspective provides little added value (to role identity theory) in explaining entrepreneurial behavior. First of all, research on personal identity relies on idiosyncratic personal identifiers.[2] At the core of this theory lies the assumption that individuals are driven by their own subjective goals and desires rather than those of a group or external others (Stets & Burke, 2000). Consequently, past theorists are uncertain about the degree of impact a personal identity can have once a role identity is established. As Stets and Burke posit, "once a role or group identity becomes established, […] personal identities may have little impact" (2000: 229). Finally, while it may be argued that personal identity could offer some insights into explaining profit-oriented entrepreneurial behavior, it certainly falls short in capturing the "other-oriented" motivations and activities of social entrepreneurs.

Given these observations, we believe that the pairing chosen by Wry and York (2017) and, by implication, the neglect of social identity theory, is not simply a lost opportunity. We are concerned that this pairing of theories may also be misleading. Personal identity research and role identity theory do not appear capable of systematically capturing the "other-oriented" dimension that is at the very core of social entrepreneurship. As a result, researchers are likely to overlook fundamental aspects of the phenomenon, focusing their energy on inferior research questions, and potentially also misinterpreting their findings. In the next section, we share a few ways social identity theory has guided *our* thinking on social entrepreneurship, and why it presents a better alternative.

***The "Self", "Known Others" and "Unknown Others" as Beneficiaries in Entrepreneurship***

[2] Specifically, Hitlin (2003: 122) indicates: "Values are the most important, but not the only, phenomenon constituting personal identity. Other aspects of personal identity theoretically include (but are not limited to) traits, abilities, bodily self-perception, other perceived unique personal characteristics, and personality."

Social identity research indicates that due to differences in self-categorization, entrepreneurs diverge in key ways in terms of their "other-orientation," or, in their desire to act in the benefit of others. Work by Fauchart and Gruber (2011) shows that entrepreneurs may have three main types of social identities: entrepreneurs with the "closest" level of self-categorization in the social space are oriented towards helping themselves ("Darwinians"); entrepreneurs with a broader degree of self-categorization may be oriented towards helping personal, *known* others in their community ("Communitarians); finally, entrepreneurs with the broadest degree of self-categorization will be oriented towards helping impersonal, *unknown* others ("Missionaries"). While prior work has identified three primary types of social identities, a combination of each may exist to varying degrees in a single individual, thus representing the possibility of hybrid social identities.[3] Just like all palette colors combine the three primary colors yellow, red, and blue, one may think of all entrepreneurs as being characterized by smaller or larger concentrations of the three primary social identities (Gruber & MacMillan, 2017: 7).

What makes these social identity-based distinctions so important is the fact that they provide scholars with a clear and systematic way to account for entrepreneurial activities that span the spectrum of inclusiveness in one's self-definition, from the "I" to the "Personal We", to the "Impersonal We" (see also: Brewer & Gardner, 1996; Harb & Smith, 2008). In other words, by applying social identity theory to social entrepreneurship we have, in our hands, a compelling framework that allows us to better understand hybrid and non-hybrid entrepreneurs who act (purely) out of economic self-interest, and/or with the (additional) aim to support *known* others (e.g., addressing hunger or environmental challenges in a local community), and/or *unknown* others (e.g., fighting hunger or environmental degradation for society-at-large) in the social

[3] In Fauchart and Gruber's (2011) sample over 20% of founders were hybrid entrepreneurs, in the sense that the entrepreneurs exhibited traits of at least two primary social identities (and thus received pressure from at least two distinct logics). Sieger and colleagues (2016) find evidence that the frequency of different social identity "blends" vary across industry and geographic contexts.

space. These distinctions matter, as founders with different social identities do not just pursue different goals; they also derive largely different types of benefits from new firm creation, engage in distinct venture creation activities, and apply fundamentally different performance criteria to their activities overall (see, e.g., Fauchart & Gruber, 2011: 947). Given their respective theoretical emphases, neither role identity theory nor personal identity research alone allow scholars to grasp the other-orientation(s) of social entrepreneurs in a systematic manner. This not only leaves us blind to one of the defining features and source of differences in the phenomenon; it also handicaps our understanding of hybrid identities and how entrepreneurs may mix competing logics (e.g., a commercial and a social welfare logic) in their entrepreneurial activities.

To conclude, if social entrepreneurship is about venturing in the service of others (Miller, Grimes, McMullen, & Vogus, 2012), then it follows that we should use theoretical lenses that allow us to examine the variance in how social entrepreneurs perceive and support others. Social identity theory allows us to do exactly this, and thus, in our view, is *essential* to the study of social entrepreneurship. Moreover, by combining social identity theory and role identity theory, we can investigate interesting role identity-based variation in social entrepreneurship that exists *within* the three primary social identities (see Gruber and MacMillan, 2017). It is our hope that the suggestion to employ social identity theory in the study of social enterprises will encourage research which embraces, and is thus guided by, the richness of this important entrepreneurial phenomenon.

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